

# **CACADU DISTRICT MUNICIPALITY ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2004**

The preparation of these financial statements, which are set out on pages 1 to 26, is the responsibility of the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act and the statements are signed on behalf of the Municipality.

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D M Pillay  
Municipal Manager

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Date

## CACADU DISTRICT MUNICIPALITY

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**CACADU DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2004**

	Note	2004 R	2003 R
<b>COMMUNITY WEALTH AND LIABILITIES</b>			
<b>Community Wealth</b>		<b>57,599,592</b>	<b>48,581,309</b>
Reserves	2	48,002,327	39,819,875
Unappropriated Surplus/(Accumulated Deficit)		9,597,265	8,761,434
<b>Non-current Liabilities</b>		<b>47,400,000</b>	<b>35,000,000</b>
Provisions	5	47,400,000	35,000,000
<b>Current Liabilities</b>		<b>119,809,890</b>	<b>115,793,620</b>
Provisions	7	704,708	220,441
Creditors	8	33,685,505	60,737,829
Conditional Grants And Receipts	9	85,419,677	47,434,514
Bank Overdraft	16	-	7,400,836
<b>Total Net Assets And Liabilities</b>		<b>224,809,481</b>	<b>199,374,929</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>199,855,103</b>	<b>171,527,721</b>
Property, Plant And Equipment	10	1,318,968	1,136,516
Investments	11	198,000,000	169,728,098
Non-current Loans	12	536,136	663,108
<b>Current Assets</b>		<b>24,954,378</b>	<b>27,847,207</b>
Consumer debtors	14	4,458,141	3,001,835
Other debtors	15	19,908,935	24,663,756
Current portion of long-term loans	12	125,778	178,516
Cash		3,100	3,100
Bank	16	458,424	
<b>Total Assets</b>		<b>224,809,481</b>	<b>199,374,929</b>

( Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

**CACADU DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004**

Budget		Note	Actual	
2003	2004		2004	2003
R	R		R	R
<b>REVENUE</b>				
15 530 900	13 500 000		16,571,231	11 481 254
	5 250 000		9,452,508	8 563 353
	722 000		795,833	491 020
4 350 000	5 330 700		14,313,528	14 807 611
	750 000		1,131,500	1 984 240
	150 000		503,235	700 000
37 229 200	14 964 800	18	8,340,086	8 279 825
	22 500			33 641
438 600			18,191	817 263
	580 000		273,371	
9 361 700	3 964 100	19	2,939,722	11 908 276
			1,866,475	
66 910 400	45 234 100		56,205,680	59 066 483
		18	76,709,489	33 658 749
<b>66 910 400</b>	<b>45 234 100</b>	<b>Total Income</b>	<b>132 915 169</b>	<b>92 725 232</b>
<b>EXPENDITURE</b>				
20 972 300	21,529,200	20	16 903 206	16 008 943
	2,685,000	21	2 366 869	2 344 004
		22	1 062 091	3 190 277
	540,000		876 338	765 589
	190,000		280 873	173 552
1 584 100	966,900		557 053	660 660
	5,190,000		2 370 342	646 180
	850,000	25	526 153	
28 001 700	13,283,000		11 041 964	20 187 580
3 194 400				22 721
13 157 900		26	13 284 014	15 635 793
66 910 400	45 234 100		49 268 903	59 635 299
			76 709 489	33 658 749
<b>66 910 400</b>	<b>45 234 100</b>	<b>Total Expenditure</b>	<b>125 978 392</b>	<b>93 294 048</b>
<b>0</b>	<b>0</b>	<b>Nett Surplus / (Deficit) for the year</b>	<b>6 936 777</b>	<b>( 568 816)</b>

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

**CACADU DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN COMMUNITY WEALTH FOR THE YEAR ENDED 30 JUNE 2004**

	Asset Financing reserve (AFR)	Depreciation Reserve ex AFR	Depreciation Reserve ex Govt Grants	Depreciation Reserve ex Donations and Contributions	Revaluation Reserve	Unappropriated Surplus
	R	R	R	R	R	R
<b>2003</b>						
Balance at 1 July 2002						28 550 065
Adjustments iro previous years						419 663
Implementation of GAMAP	40 919 924	35 848				
Restated balance	40 919 924	35 848	0	0	0	28 969 728
Net Surplus for the year						( 568 817)
Transfer to AFR	17 760 490					(17 760 490)
Transfer of interest earned to Grants and donations						(2 049 594)
Property, plant and equipment purchased			517 501			
Capital grants used to purchase PPE						
Donated/contributed PPE						
Transfer to Provision	(20 000 000)					
Offsetting of depreciation.			( 170 607)			170 607
<b>Balance at 30 June 2003</b>	<b>38 680 414</b>	<b>35 848</b>	<b>346 894</b>	<b>0</b>	<b>0</b>	<b>8 761 434</b>
<b>2004</b>						
Transactions i.r.o previous year		733 997	22 722			884 656
Changes in accounting policy						
Restated balance	38 680 414	769 845	369 616	0	0	9 646 090
Net Surplus for the year						6 936 777
Transfer to/ from AFR	8 000 000					(8 000 000)
Transfer of interest earned to Grants and donations						
Property, plant and equipment purchased						
Capital grants used to purchase PPE			1 196 850			
Donated/contributed PPE						
Transfer to Provision						
Asset disposals		( 733 525)				733 525
Offsetting of depreciation.		( 31 635)	( 249 238)			280 873
<b>Balance at 30 June 2004</b>	<b>46 680 414</b>	<b>4 684</b>	<b>1 317 228</b>	<b>0</b>	<b>0</b>	<b>9 597 265</b>

# **CACADU DISTRICT MUNICIPALITY**

## **CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

		<b>2004 R</b>	<b>2003 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from levies, government and other		#REF!	#REF!
Cash paid to suppliers and employees		#REF!	#REF!
Cash generated from operations	27	#REF!	#REF!
Interest received		15,445,028	16,791,851
Interest paid			
Non-operating income charged against provisions		#REF!	#REF!
<b>NET CASH FROM OPERATING ACTIVITIES</b>		#REF!	#REF!
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment.		#REF!	#REF!
Proceeds on disposal of fixed assets.		2,600,000	
(Increases)/Decreases in non-current loans		#REF!	#REF!
(Increases)/Decreases in investments		#REF!	#REF!
<b>NET CASH FROM INVESTING ACTIVITIES</b>		#REF!	#REF!
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	28	#REF!	#REF!

## **ACCOUNTING POLICIES**

### **1 BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) laid down by the Accounting Standards Board (ASB). They are prepared on the going concern basis.

The financial statements have been prepared on the historical cost basis unless otherwise stated.

This is the first year that the financial statements have been prepared in accordance with GRAP.

### **2 PROPERTY, PLANT AND EQUIPMENT (PPE)**

2.1 PPE is stated:

- At cost less accumulated depreciation, or
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

2.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

### **2.3 Depreciation and impairment losses**

2.3.1 Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	<b><u>Years</u></b>		<b><u>Years</u></b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		
<b><u>Investment Properties</u></b>	30		

2.3.2 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

2.3.3 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

## **2.4 Disposal and retirement of assets**

- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the statement of financial performance.

## **3 FUNDS AND RESERVES**

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

### **· Asset Financing Reserve (AFR)**

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Asset Financing Reserve (AFR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the AFR:

- The cash backing up the AFR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the AFR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the AFR in accordance with council policy.
- The AFR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council want to utilise the AFR for expensing something else than PPE an amount equal to the expense must be transferred to net surplus.
- Whenever an asset is purchased out of the AFR an amount equal to the cost price of the asset purchased is transferred from the AFR into a future depreciation reserve (FDR) called the AFR FDR. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the AFR. The FDR is used to offset depreciation charged on assets purchased out of the AFR and is released to the statement of financial performance over the useful life of the asset to avoid double taxation of the consumers.
- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the AFR provided that it is backed by cash. Profit on the sale of land is not transferred to the AFR as it is regarded as revenue.



## **4 PROVISIONS**

A provision is recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### **4.1 Employee Benefits**

#### **4.1.1 Retirement Funds**

The Council and its employees contribute to various Pension Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

#### **4.1.2 Medical Aid: Continued Members**

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

These contributions are charged to the operating account when paid.

#### **4.1.3 Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages.

#### **4.1.4 Provision for bonuses**

The Council will make provision for bonuses payable where at year end minimum bonus amounts owing to officials are contractually payable in the next financial year as from 1 July 2004. As for the year ended 30 June 2004 bonuses were paid out of operating expenses.

#### 4.1.5 Provision for constructive obligations

Provision is made for any constructive obligations of the Municipality. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby the Municipality has indicated to other parties that it will accept certain responsibilities and as a result, the Municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities

A Provision for Group Life Insurance liability was created as a constructive obligation.

#### 4.1.6 Provision for onerous contracts

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

### 5 LEASES

#### LESSEE ACCOUNTING

- 5.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.
- 5.2 Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.
- 5.3 Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

#### LESSOR ACCOUNTING

- 5.4 Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Council's net investment outstanding in respect of the leases.
- 5.5 Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 6 INVESTMENTS

The Council may have the following types of investments.

- **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity.
- **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a loan debtor.

**INITIAL MEASUREMENT** of financial instruments is **at cost, which is the fair value** of the consideration given. The fair value is usually the transaction price or market price. **Transaction costs** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

**SUBSEQUENT MEASUREMENT** of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

## **7 FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

## **8 REVENUE RECOGNITION**

- 8.1 Revenue is derived from a variety of sources which include Regional Council levies, grants from other tiers of government and revenue from other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Council and these benefits can be measured reliably.
- 8.2 Revenue from levies is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid levies is recognized on a time proportionate basis.
- 8.3 Some services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received.
- 8.4 Interest earned on investments is recognised in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the unappropriated surplus to the AFR. Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants if the grant conditions indicate that interest is payable to the funder.
- 8.5 Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:
  - The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.

- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

8.6 Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

8.7 When the outcome of a transaction involving the rendering of services can be **estimated reliably**, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be **estimated reliably** when **all** the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The stage of completion of the transaction at the statement of financial position date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

8.8 Government Grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the Council has not met the condition, a liability is raised.

## **9 VALUE ADDED TAX**

The Council accounts for Value Added Tax on the payment basis.

## **10 SEGMENTAL INFORMATION**

The principal segments have been identified on a primary basis by service operation

## **11 GRANTS-IN-AID**

The Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 4.1.6 above.

## **12 UNUTILISED CONDITIONAL GRANTS.**

Unutilised conditional grants are reflected on the Statement of financial position as a creditor – unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. These creditors always have to be cash backed. The following provisions are set for the creation and utilisation of these creditors:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Council's interest it is recognised as interest earned in the statement of financial performance.
- Whenever an asset is purchased and funded from the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Capital Receipts into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the statement of changes in net assets to a reserve called a future depreciation reserve (FDR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Capital Receipts. The FDR is used to offset depreciation charged on assets purchased out of the Unutilised Capital Receipts to avoid double taxation of the consumers.

## **13 INTANGIBLE ASSETS.**

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortised according to the straight line method as follows:

- Performance Management System - 1 year

## **14 ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

## **15 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>1. HOUSING DEVELOPMENT FUND</b>		
Cacadu District Municipality does not administer a Housing Development fund		
<b>2. RESERVES</b>		
Asset Financing Reserve	46,680,414	38,680,414
Future Depreciation Reserve		
- Assets financed ex Asset Financing Reserve	4,685	769,845
- Assets financed ex Government Grants	1,317,228	369,616
<b>Total Reserves</b>	<b>48,002,327</b>	<b>39,819,875</b>

The Asset Financing Reserve is fully invested

**3 TRUST FUNDS**

Cacadu District Municipality does not administer any Trust Funds.

**4 LONG- TERM LIABILITIES**

Cacadu District Municipality had no long- term liabilities by way of external loans.

**5 NON-CURRENT PROVISIONS**

Provision for Post Retirement Benefits.	47,400,000	35,000,000
<b>Total Non-Current Provisions</b>	<b>47,400,000</b>	<b>35,000,000</b>

The value of the post retirement medical and pension benefits was arrived at by calculating the present value of the subsidies at 1 December 2001. Allowances were made for the increases in subsidies as at in the future at a rate equal to that of the expected medical aid inflation rate. The liability for CDM amounted to R47,4M (December 2001) and it was decided to fund this by budgeting on an on-going basis. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post retirement benefits.

	<u>Group Life Liability</u>	<u>Leave Pay</u>	<u>Post Retirement Benefits</u>
<b>The movement in the provisions is reconciled as follows:-</b>			
Balance at beginning of year	-	220,441	35,000,000
Contributions	559,884	324,130	12,400,000
Expenditure incurred	-	(399,747)	-
Increase due to discounting	-	-	-
Transfer to current provisions	(559,884)	(144,824)	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>47,400,000</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>6 CONSUMER DEPOSITS</b>		
Cacadu District Municipality holds no consumer deposits.		
<b>7 CURRENT PROVISIONS</b>		
Current portion of Leave Pay provision	144,824	220,441
Current portion of Group Life Insurance liability	559,884	-
<b>Total Current Provisions</b>	<b>704,708</b>	<b>220,441</b>
Leave pay accrue to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.		
The Provision for Group life Insurance Liability was established to provide for a liability arising from Group life Insurance claims where payment was refused by the Insurer but an obligation for payment is recognised by Council.		
<b>The movement in the current provision is reconciled as follows:-</b>		
	<b>Current Portion Leave Pay</b>	<b>Current Portion Group Live Insurance</b>
<b>Balance at beginning of year</b>		
Transfer from non-current	144,824	559,884
Expenditure incurred		
<b>Balance at end of year</b>	<b>144,824</b>	<b>559,884</b>
<b>8 CREDITORS</b>		
Trade creditors	2,190,761	9,298,577
Audit Fees	350,000	250,000
Payments in advance- RSC Levies	3,358,614	2,692,311
Payments in advance- Equitable share	-	1,699,555
Unidentified deposits	579,810	1,210,122
Infrastructure projects NMMM	-	9,293,109
Infrastructure projects Levies	26,884,347	35,224,392
Other creditors	321,973	1,069,763
<b>Total creditors</b>	<b>33,685,505</b>	<b>60,737,829</b>
<b>9 CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from Government</b>	<b>45,942,767</b>	<b>34,932,859</b>
Government Grants	33,027,977	25,143,537
Provincial Grants and subsidies	12,914,790	9,789,322
<b>Conditional Third party Grants from Government.</b>	<b>39,295,953</b>	<b>12,501,655</b>
Government Grants	30,365,612	17,209,508
Provincial Grants and subsidies	8,930,341	(4,707,853)
<b>Other donations</b>	<b>180,957</b>	<b>-</b>
<b>Total Conditional Grants and Subsidies</b>	<b>85,419,677</b>	<b>47,434,514</b>

See **Appendix E** for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>
	<u>Value</u>	<u>Net Book</u>
<b>30th June 2004</b>	<b>R</b>	<b>R</b>
Infrastructure	1	1
Community	19	1
Other	9,974,212	8,655,262
<b>Totals</b>	<b>9 974 232</b>	<b>8,655,264</b>
<b>30th June 2003</b>		
Infrastructure	1	1
Community	19	1
Other	9 510 887	8,374,390
<b>Totals</b>	<b>9 510 907</b>	<b>8,374,392</b>

All assets, other than Land and buildings, were valued and recorded in the asset register. Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated lifespan.

Land and Buildings were entered into the Asset register at R1.00 nominal value except for the Standard Bank, Algoa House buildings and three other properties which were recorded at revalued amounts. An evaluation of the other fixed properties are in progress and be finalised in the 2004/05 financial year.

Refer Appendixes A and B for more detail on property, plant and equipment.

**11 INVESTMENTS**Listed

CDM had no listed investments on reporting date.

Unlisted

CDM had no unlisted investments on reporting date.

Financial Instruments

Fixed Deposits-Long Term	-	-
Other Deposits- Short Term	198,000,000	134,000,000
Call Account Deposits	-	35,728,098
Total cash investments	198,000,000	169,728,098
<b>Total Investments</b>	<b>198,000,000</b>	<b>169,728,098</b>

**Allocation of external investments**

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

Reserves (Excluding Future Depreciation Reserves)	46,680,414	38,680,414
Provisions (Including Bad Debt Provision)	49,802,823	39,375,179
Conditional Grants and Receipts	85,419,677	47,434,514
Infrastructure projects from Levies	16,097,086	35,224,392
Unappropriated surplus	-	9,013,599
<b>Total</b>	<b>198,000,000</b>	<b>169,728,098</b>

**12 NON-CURRENT LOANS**

Loans to Local Authorities outstanding	540,689	624,773
Staff loans	121,225	216,851
	661,914	841,624
Less : Short-term portion transferred to current assets	125,778	178,516
<b>Total Non-Current loans</b>	<b>536,136</b>	<b>663,108</b>

**Loans were approved for:**

Paradise beach for R900,000 and St Francis bay for R150,000 at 14.25% per annum repayable over 15 years.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>13 INVENTORY</b>		
The Council keeps no inventory. Goods are purchased as needed and consumed in the financial year of purchase.		
<b>14 CONSUMER DEBTORS</b>		
Levies	4,458,141	3,001,835
<b>Total</b>	<b>4,458,141</b>	<b>3,001,835</b>
The RSC Levies are collected by the Nelson Mandela Metropol on a contract basis. The debtor system is not capable of providing an adequate age analysis of levies outstanding.		
<b>15 OTHER DEBTORS</b>		
Sundry Debtors	66,636	1,068,748
Rental	226,773	116,529
Staff accounts	1,302	323,318
Bush clearing	-	-
Value added tax	1,234,353	665,284
Nelson Mandela Metropolitan Municipality Infrastructure projects	357,818	-
Nelson Mandela Metropolitan Municipality (Car loans of employees transferred to the Metropole)	-	319,199
New Republic Bank (Investment)	-	3,557,049
Electricification Project	299,744	299,744
General	2,380,552	183,565
Housing Schemes: Bridging finance	10,671,311	-
Multiannual Action Plans - MAAP	-	-
CMIP	-	-
Interest on investments accrued	1,274,750	1,122,930
Nature Conservation Grant	-	625
RSC Levies	2,717,910	2,263,314
Land Sale Debtors	2,340,000	-
Deposits	35,900	35,900
Sub total	<b>21,607,049</b>	<b>9,956,205</b>
Less: Provision for bad debts		
New Republic Bank	-	(3,557,049)
Other	(1,698,114)	(597,688)
Sub total	<b>19,908,935</b>	<b>5,801,468</b>
Nelson Mandela Metropolitan Municipality (Levies deposited directly into the Metropol's bank account owed to Cacadu)	-	18,862,288
<b>Total Other Debtors</b>	<b>19,908,935</b>	<b>24,663,756</b>
<b>BAD DEBT PROVISION</b>		
Balance at beginning of year	4,154,737	964,460
Contributions	1,062,091	3,190,277
Bad debts written off	(3,518,714)	-
Balance at the end of the year	<b>1,698,114</b>	<b>4,154,737</b>

The bad debt provision is calculated on the ageing of debtors. Council's policy is to provide on debtor balances which have been outstanding for more than 180 days. The New Republic Bank went under liquidation and the investment was transferred to a debtors account and written off in 2003/04. Any future dividends from the curators of the New Republic Bank estate will be receipted to the Unappropriated Surplus account.

**16 BANK, CASH AND OVERDRAFT BALANCES**

The Municipality has the following bank accounts:

**Current Account (Primary Bank Account)**

ABSA Limited  
32 Govan Mbeki Avenue  
Port Elizabeth

Cashbook balance at the beginning of the year - (overdrawn)	(7,400,836)	(1,846,129)
Cashbook balance at the end of the year - (overdrawn)	458,424	(7,400,836)
Bank statement balance at the beginning of the year	5,255,476	11,060,704
Bank statement balance at the end of the year	9,574,043	5,255,476

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>17 SERVICE CHARGES</b>		
Cacadu District Municipality does not levy any service charges.		
<b>18 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b><u>Government Grants</u></b>		
Equitable share	4,741,554	3,598,326
Integrated Development Plan	-	50,914
Local Economic Development	-	50,000
Skills Development	54,018	-
<b>Total Government Grants</b>	<b>4,795,572</b>	<b>3,699,240</b>
<b><u>Provincial Subsidies</u></b>		
Disaster Management	-	1,749,378
Contribution to Retirement benefits- (Roads pensioners)	3,032,188	2,831,206
Tourism	40,000	-
Environmental Health	472,327	-
<b>Total Provincial Subsidies</b>	<b>3,544,515</b>	<b>4,580,585</b>
<b><u>National/Provincial Government Grant funding (expenditure reimbursement)</u></b>		
Enon	-	228,830
Honeybush Tea	-	359,580
Multi Purpose Community Centre	-	105,412
Idp - Ikwezi Municipality	-	22,307
Ikwezi Youth Development	52,000	-
Ikwezi - Hardwood Farm	107,190	183,856
Ikwezi Financial Aid	-	66,353
Pilot Housing Project - Addo	-	3,978
Pilot Housing Project Thornhill	-	666
Alexandria Trc	-	19,084
Graaff Reinet Trc	-	5,778
Hankey Trc	197,455	416,073
Humansdorp Trc	13,745	11,297
Jansenville Trc	-	139,928
Joubertina Trc	-	91,716
Pearston Trc	-	17,958
Port Elizabeth Trc	-	1,129
Willowmore Trc	-	391,710
Multiannual Action Plans - Maap	7,730,769	13,029,944
CMIP	15,782,549	15,285,842
Dept Of Sport, Recreat. Arts And Culture	10,861	20,000
Municipal Infrastructure	207,405	27,197
Public Works Projects	2,463,376	3,230,110
Disability Empowerment Program	27,500	-
Disaster Management	398,901	-
Finance Management Grant	1,551,249	-
Hiv/aids Ngo/cbo Capacity Building	120,070	-
Hiv/aids Laboratory Services	409,536	-
Hiv/aids Educational Program	4,269	-
IDP - Cacadu	124,309	-
Municipal System Improvement Grant	1,180,980	-
Restructuring Grant	1,739,904	-
Ambulance Subsidy	17,095,678	-
IDP/IDO	61,101	-
Inter-governmental Relations	51,111	-
Hiv/aids District Aids Council	68,418	-
Ikwezi MSP	449,075	-
Housing projects	26,862,039	-
<b>Total National/Provincial Government Grants reimbursements</b>	<b>76,709,489</b>	<b>33,658,749</b>
<b>Total Government Grants and Subsidies</b>	<b>85,049,576</b>	<b>41,938,574</b>

**Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplant the Municipalities revenue as regional levies are not sufficient.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>19 OTHER INCOME</b>		
CMIP refund to Council on projects initially financed by Council	-	5,600,000
Finance charges to funding	2,642,503	5,455,436
Other	297,219	852,840
<b>Total Other Income</b>	<b>2,939,722</b>	<b>11,908,276</b>
<b>20 EMPLOYEE RELATED COSTS</b>		
Salaries and wages	10,077,911	16,008,943
Social contributions	6,825,295	-
	<b>16,903,206</b>	<b>16,008,943</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	375,066	388,911
Car Allowance	144,000	122,000
Performance Bonus	99,921	94,264
<b>Total</b>	<b>618,987</b>	<b>605,175</b>
<b>Remuneration of the Director Finance and Corporate Services.</b>		
Annual Remuneration	360,523	351,383
Car Allowance	100,000	100,000
Performance Bonus	89,040	84,000
<b>Total</b>	<b>549,563</b>	<b>535,383</b>
<b>Remuneration of the Director of Health</b>		
Annual Remuneration	-	229,992
Car Allowance	-	120,000
Performance Bonus	-	84,000
<b>Total</b>	<b>-</b>	<b>433,992</b>
<b>Remuneration of the Deputy Director Infrastructure</b>		<b>5 Months</b>
Annual Remuneration	50,285	180,624
Car Allowance	1,666	41,665
Performance Bonus	-	77,000
<b>Total</b>	<b>51,951</b>	<b>299,289</b>
<b>Remuneration of the Director Development Facilitation</b>		
Annual Remuneration	197,964	-
Car Allowance	58,331	-
<b>Total</b>	<b>256,295</b>	<b>-</b>
<b>21 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	349,598	318,744
Deputy Executive Mayor	-	-
Speaker	120,746	116,370
Mayoral Committee members	1,169,786	1,220,782
Councillors	569,563	616,933
Councillors' pension and Medical contribution	157,176	71,175
<b>Total Councillors' Remuneration</b>	<b>2,366,869</b>	<b>2,344,004</b>

**In-kind Benefits**

The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

**Signed: Municipal Manager**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>22 BAD DEBTS</b>		
Contribution to the bad debt provision	1,062,091	3,190,277
Bad debt written off against income	-	-
<b>Total Bad Debts</b>	<b>1,062,091</b>	<b>3,190,277</b>
<b>23 INTEREST ON EXTERNAL BORROWINGS</b>		
External loans		
Finance leases		
Bank overdrafts		
<b>Total interest on External Borrowings.</b>	<b>-</b>	<b>-</b>
<b>24 BULK PURCHASES</b>		
Cacadu District Municipality did not buy bulk services.		
<b>25 GRANTS AND SUBSIDIES PAID</b>		
Tourism	452,645	-
Mayors contingency fund	73,507	-
<b>Total Grants and Subsidies paid</b>	<b>526,153</b>	<b>-</b>
<b>26 CONTRIBUTIONS TO/(FROM) PROVISIONS</b>		
Provision for Leave pay	324,130	635,793
Provision for Post Retirement Benefits	12,400,000	15,000,000
Provision for Group Life Insurance liability	559,884	-
	<b>13,284,014</b>	<b>15,635,793</b>
<b>27 CASH GENERATED BY OPERATIONS</b>		
Net surplus for the year	6,936,777	(568,816)
Adjustment for:-		
Previous years	884,656	419,663
Depreciation	#REF!	173,552
Gain on disposal of property, plant and equipment	(1,866,475)	-
Contributions to provisions - non-current	13,284,014	15,635,793
Contributions to provisions - current		
Contributions to bad debt provision	1,062,091	3,190,277
Investment income	(15,445,028)	(16,791,851)
Interest paid	-	-
<b>Operating surplus before working capital changes:</b>	<b>#REF!</b>	<b>2,058,618</b>
Decrease/(Increase) in inventories		
(Increase)/Decrease in RSC Levy debtors	#REF!	#REF!
(Increase)/Decrease in other debtors	#REF!	#REF!
Increase/(Decrease) in conditional grants and receipts	#REF!	#REF!
Increase/(Decrease) in creditors	#REF!	#REF!
<b>Cash generated by operations</b>	<b>#REF!</b>	<b>#REF!</b>
<b>28 CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the year	461,524	(7,397,736)
Balance at the beginning of the year	(7,397,736)	(1,843,011)
<b>Net Decrease in cash and cash equivalents</b>	<b>7,859,260</b>	<b>(5,554,725)</b>
<b>29 EXTERNAL LOANS RECONCILIATION</b>		
Cacadu District Municipality had no external loans at the end of both financial years		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b>30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b><u>Unauthorised expenditure</u></b>		
<b>Reconciliation of unauthorised expenditure</b>		
Opening balance		
Unauthorised expenditure current year		
Approved by Council		
Transfer to statement of Financial performance		
- authorised losses		
Transfer to receivables for recovery		
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b><u>Irregular, fruitless and wasteful expenditure</u></b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance		
Fruitless and wasteful expenditure current year		
Approved by Council		
Transfer to statement of Financial performance		
- authorised losses		
Transfer to receivables for recovery		
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Total unauthorised, fruitless and wasteful expenditure disallowed</b>		
<b><u>Contributions to SALGA</u></b>		
Opening balance		
Council subscriptions	828,867	-
Amount paid - current year	(436,275)	-
Amount paid - previous years	(392,592)	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b><u>Audit fees</u></b>		
Opening balance	250,000	-
Current year audit fee	522,600	-
Amount paid - current year	(422,600)	-
Amount paid - previous years		
<b>Balance unpaid (included in creditors)</b>	<b>350,000</b>	<b>-</b>
<b>31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>VAT</u></b>		
Vat inputs receivables and VAT outputs payable are shown in notes 15 and 8 respectively. All Vat returns have been submitted by the due date throughout the year.		
<b><u>PAYE and UIF</u></b>		
Opening balance	1,487	-
Current year payroll deductions	6,385,925	-
Amount paid - current year	(6,384,965)	-
Amount paid - previous years	(1,487)	-
<b>Balance unpaid (included in debtors)</b>	<b>960</b>	<b>-</b>

The balance represents PAYE and UIF deducted from the June 2004 payroll and paid during July 2004.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
<b><u>Pension and Medical Aid Deductions</u></b>		
Opening balance		
Current year payroll deductions and Council Contributions	3,842,523	-
Amount paid - current year	(3,817,737)	-
Amount paid - previous years		
<b>Balance unpaid (included in creditors)</b>	<b>24,786</b>	<b>-</b>

The balance represents pension and medical aid contributions deducted from employees in the June 2004 payroll as well as Council's contributions to medical aid and pension funds. These amounts were paid during July 2004.

**32 CAPITAL COMMITMENTS**

Cacadu District Municipality had no commitments in respect of capital expenditure at the end of both financial years.

**33 CONTINGENT LIABILITIES**

A contingent liability existed with SARS regarding the raising of VAT on a contribution from NMMM amounting to R60,508,584 for the year ending on 30 June 2001.

VAT Apportionment recalculation prior years	-	8,471,202
	179,543	-

**34 RETIREMENT BENEFIT INFORMATION****Post- Retirement Medical Benefit**

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

**Pension and Retirement Fund Benefits**

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution and is charged against income as incurred.

**35 IN-KIND DONATIONS AND ASSISTANCE**

No in-kind donations or assistance was done or provided in 2003/04.

**36 AGENCY FUNCTIONS**

The assets and liabilities as well as income and expenditure of agency functions were not taken into account in the Council's financial statements. The extent of these services are:

Local Area- Rietbron  
District Management Area  
Planning and Implementation Management and Support  
Services (PIMSS)  
Primary Health Care

**APPENDIX A**  
**CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2004**

	Cost				Accumulated Depreciation				Carrying Value	Budget Additions 2004
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
<b>INFRASTRUCTURE ASSETS</b>										
Car Park	1			1	1			1		
<b>Total Infrastructure Assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>COMMUNITY ASSETS</b>										
<b>Buildings:</b>										
Ambulance Stations	3			3				-	3	
Beach Developments	1			1				-	1	
Game Reserves / Rest Camps	14			14				-	14	
	<b>18</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>Recreational Facilities:</b>										
Outdoor Sport Facilities	1			1	1			1	-	
	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Total Community Assets</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>18</b>	<b>-</b>
<b>OTHER ASSETS</b>										
<b>Buildings:</b>										
Caravan Parks	3			3				-	3	
Housing Schemes	1			1				-	1	
Office Building	2,050,003			2,050,003	2,050,000			2,050,000	3	10,238,450
Training Centres	1			1				-	1	
Workshops / Depots	15			15				-	15	
Land And Unused Buildings	733,561		733,525	36	27			27	9	
	<b>2,783,584</b>	<b>-</b>	<b>733,525</b>	<b>2,050,059</b>	<b>2,050,027</b>	<b>-</b>	<b>-</b>	<b>2,050,027</b>	<b>32</b>	<b>10,238,450</b>
<b>Office Equipment:</b>										
Computer Hardware	2,584,684	846,441		3,431,125	2,253,756	228,957		2,482,713	948,412	2,530,000
Office Machines	1,130,108	9,592		1,139,700	1,085,357	19,367		1,104,724	34,975	88,000
	<b>3,714,792</b>	<b>856,032</b>	<b>-</b>	<b>4,570,824</b>	<b>3,339,113</b>	<b>248,324</b>	<b>-</b>	<b>3,587,437</b>	<b>983,388</b>	<b>2,618,000</b>

## APPENDIX A (continued)

## CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2004

	Cost				Accumulated Depreciation				Carrying Value	Budget Additions 2004
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
<b>Plant And Equipment:</b>										
Laboratory Equipment	5,000			5,000	5,000			5,000	-	15,500
Telecommunication Equipment	7,400			7,400	725	1,483		2,208	5,192	
Radio Equipment	1,164,850			1,164,850	1,164,736	114		1,164,850	-	
Firearms	1,500			1,500	1,500			1,500	-	
General	39,000			39,000	39,000			39,000	-	
	<b>1,217,750</b>	<b>-</b>	<b>-</b>	<b>1,217,750</b>	<b>1,210,961</b>	<b>1,597</b>	<b>-</b>	<b>1,212,558</b>	<b>5,192</b>	<b>15,500</b>
<b>Furniture And Fittings:</b>										
Chairs	302,850	21,522		324,372	302,670	1,613		304,283	20,089	1,550
Tables / Desks	200,800	17,269		218,069	200,800	893		201,693	16,376	3,000
Cabinets / Cupboards	227,800			227,800	227,300	500		227,800	-	
Miscellaneous	252,203	8,289		260,492	245,303	1,058		246,362	14,130	
	<b>983,653</b>	<b>47,080</b>	<b>-</b>	<b>1,030,733</b>	<b>976,073</b>	<b>4,064</b>	<b>-</b>	<b>980,137</b>	<b>50,596</b>	<b>4,550</b>
<b>Motor Vehicles:</b>										
Motor Vehicles	435,151	293,737		728,888	425,604	23,541		449,145	279,743	300,000
Trucks / Bakkies	345,137			345,137	341,790	3,347		345,137	-	
	<b>780,288</b>	<b>293,737</b>	<b>-</b>	<b>1,074,025</b>	<b>767,394</b>	<b>26,888</b>	<b>-</b>	<b>794,282</b>	<b>279,743</b>	<b>300,000</b>
<b>Bins And Containers:</b>										
Bulk Containers	10,821			10,821	10,821			10,821	-	
	<b>10,821</b>	<b>-</b>	<b>-</b>	<b>10,821</b>	<b>10,821</b>	<b>-</b>	<b>-</b>	<b>10,821</b>	<b>-</b>	
<b>Emergency Equipment:</b>										
Fire	20,000			20,000	20,000			20,000	-	
	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	
<b>Total Other Assets</b>	<b>9,510,887</b>	<b>1,196,850</b>	<b>733,525</b>	<b>9,974,212</b>	<b>8,374,389</b>	<b>280,873</b>	<b>-</b>	<b>8,655,262</b>	<b>1,318,951</b>	<b>13,176,500</b>
<b>TOTAL</b>	<b>9,510,907</b>	<b>1,196,850</b>	<b>733,525</b>	<b>9,974,232</b>	<b>8,374,391</b>	<b>280,873</b>	<b>-</b>	<b>8,655,264</b>	<b>1,318,968</b>	<b>13,176,499</b>



**APPENDIX B**  
**CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**30 JUNE 2004**

<b>FIXED ASSETS</b>	<b>HISTORICAL COST</b>				<b>ACCUMULATED DEPRECIATION</b>				
<b>DESCRIPTION</b>	<b>OPENING BALANCE</b>	<b>ADDITIONS</b>	<b>DISPOSALS</b>	<b>CLOSING BALANCE</b>	<b>OPENING BALANCE</b>	<b>ADDITIONS</b>	<b>DISPOSALS</b>	<b>CLOSING BALANCE</b>	<b>CARRYING VALUE</b>
<b>EXECUTIVE AND COUNCIL</b>									
Council's Expenses	152,695			152,695	149,265	1,415		150,680	2,015
Office Of The Mayor	489,441	108,214		597,655	351,098	69,989		421,087	176,569
Office Of The Municipal Manager	108,406	44,130		152,537	84,801	16,986		101,787	50,750
Health Management	173,800	100,086		273,886	166,128	17,673		183,801	90,085
Directorate : Infrastructure	234,781	15,138		249,919	192,189	11,891		204,080	45,839
Directorate : Finance & Administration	240,491	36,183		276,674	220,052	10,345		230,397	46,277
	<b>1,399,614</b>	<b>303,751</b>	<b>-</b>	<b>1,703,366</b>	<b>1,163,532</b>	<b>128,299</b>	<b>-</b>	<b>1,291,832</b>	<b>411,534</b>
<b>FINANCE AND ADMINISTRATION</b>									
Finance	187,464	46,706		234,170	163,426	13,759		177,185	56,984
Human Resources	93,566	59,289		152,855	76,973	13,198		90,171	62,684
Information Technology	1,598,124	227,196		1,825,320	1,543,979	49,925		1,593,904	231,417
Property Services	2,817,479		733,525	2,083,954	2,082,823	459		2,083,282	672
Other Administration	1,047,254	42,091		1,089,345	1,045,419	6,918		1,052,338	37,007
	<b>5,743,887</b>	<b>375,282</b>	<b>733,525</b>	<b>5,385,644</b>	<b>4,912,620</b>	<b>84,260</b>	<b>-</b>	<b>4,996,880</b>	<b>388,764</b>
<b>PLANNING AND DEVELOPMENT</b>									
Development Facilitation	387,160	74,204		461,364	363,034	17,306		380,340	81,024
	<b>387,160</b>	<b>74,204</b>	<b>-</b>	<b>461,364</b>	<b>363,034</b>	<b>17,306</b>	<b>-</b>	<b>380,340</b>	<b>81,024</b>
<b>HEALTH</b>									
Other	100,501			100,501	100,501			100,501	-
	<b>100,501</b>	<b>-</b>	<b>-</b>	<b>100,501</b>	<b>100,501</b>	<b>-</b>	<b>-</b>	<b>100,501</b>	<b>-</b>
<b>HOUSING</b>									
Housing Services	72,820			72,820	53,786	5,542		59,328	13,492
	<b>72,820</b>	<b>-</b>	<b>-</b>	<b>72,820</b>	<b>53,786</b>	<b>5,542</b>	<b>-</b>	<b>59,328</b>	<b>13,492</b>
<b>PUBLIC SAFETY</b>									
Disaster Management	1,653,685	406,129		2,059,814	1,648,630	35,977		1,684,607	375,206
	<b>1,653,685</b>	<b>406,129</b>	<b>-</b>	<b>2,059,814</b>	<b>1,648,630</b>	<b>35,977</b>	<b>-</b>	<b>1,684,607</b>	<b>375,206</b>
<b>ROAD TRANSPORT</b>									
Roads	31,220	21,045		52,266	21,001	5,617		26,618	25,648
	<b>31,220</b>	<b>21,045</b>	<b>-</b>	<b>52,266</b>	<b>21,001</b>	<b>5,617</b>	<b>-</b>	<b>26,618</b>	<b>25,648</b>
<b>WATER</b>									
Water Distribution	73,420	-		73,420	62,687	2,621		65,308	8,112
	<b>73,420</b>	<b>-</b>	<b>-</b>	<b>73,420</b>	<b>62,687</b>	<b>2,621</b>	<b>-</b>	<b>65,308</b>	<b>8,112</b>
<b>OTHER</b>									
Tourism				-				-	-
Other	48,600	16,438		65,038	48,600	1,251		49,851	15,187
	<b>48,600</b>	<b>16,438</b>	<b>-</b>	<b>65,038</b>	<b>48,600</b>	<b>1,251</b>	<b>-</b>	<b>49,851</b>	<b>15,187</b>
<b>TOTALS</b>	<b>9,510,907</b>	<b>1,196,850</b>	<b>733,525</b>	<b>9,974,232</b>	<b>8,374,391</b>	<b>280,873</b>	<b>-</b>	<b>8,655,265</b>	<b>1,318,968</b>

**APPENDIX C**  
**CACADU DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED**  
**30 JUNE 2004**

<b>2003 Actual Income R</b>	<b>2003 Actual Expenditure R</b>	<b>2003 Surplus/ (Deficit) R</b>		<b>2004 Actual Income R</b>	<b>2004 Actual Expenditure R</b>	<b>2004 Surplus/ (Deficit) R</b>
7 326 890	35 299 219	(27 972 329)	Executive and Council	22 467 639	26 855 224	(4 387 585)
44 258 488	11 037 371	33 221 117	Finance and Administration	29 843 805	10 268 964	19 574 840
39 359 663	49 216 933	(9 857 270)	Planning and Development	77 059 211	81 289 805	(4 230 594)
		0	Health	472 327	383 402	88 925
		0	Community and Social services			0
	113 062	( 113 062)	Housing		512 748	( 512 748)
1 780 190	1 820 097	( 39 906)	Public safety		2 180 995	(2 180 995)
		0	Sport and Recreation			0
		0	Environment Protection			0
		0	Waste Management			0
	346 989	( 346 989)	Road Transport	3 032 188	3 616 944	( 584 756)
	340 458	( 340 458)	Water		331 667	( 331 667)
	887 398	( 887 398)	Other	40 000	1 922 327	(1 882 327)
92 725 232	99 061 528	(6 336 296)	Sub Total	132 915 169	127 362 076	5 553 093
	(5 767 479)	5 767 479	Less Inter-Departmental charges		(1 383 684)	1 383 684
<b>92 725 232</b>	<b>93 294 049</b>	<b>( 568 817)</b>	<b>TOTAL</b>	<b>132 915 169</b>	<b>125 978 392</b>	<b>6 936 777</b>

## 24 APPENDIX D

### CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED

**30 JUNE 2004**

REVENUE	Actual 2004	Budget 2004	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	16,571,231	13,500,000	(3,071,231)	23	Exceptional income from Government departments.
Regional Services Levy- Remuneration	9,452,508	5,250,000	(4,202,508)	80	Exceptional income from Government departments.
Rental	795,833	722,000	(73,833)	10	
Service charges	-		-		
Investment Interest	14,313,528	5,330,700	(8,982,828)	169	GAMAP allocation not budgeted for in 2003/04
Other Interest	1,131,500	750,000	(381,500)	51	Under budgeted.
Income for agency services	503,235	150,000	(353,235)	235	Under budgeted.
Government grants and subsidies	8,340,086	14,964,800	6,624,714	-44	Grants not received.
Other Local Authorities	-	22,500	22,500	-100	
Tariffs and Charges	18,191		(18,191)	100	
Public Contributions	273,371	580,000	306,629	-53	Tourism funding not received.
Other income	2,939,722	3,964,100	1,024,378	-26	Over budgeted.
Gains on disposal of property, plant and equipment	1,866,475	-	(1,866,475)	100	Sale of Land not budgeted for on GAMAP requirements.
<b>Sub- Total</b>	56,205,680	45,234,100	(10,971,580)	24	
Recovered from Grants and subsidies i.r.o expenditure.	76,709,489		(76,709,489)		GAMAP requirement not budgeted for in 2003/04
<b>Total Income</b>	<b>132,915,169</b>	<b>45,234,100</b>	<b>(87,681,069)</b>		
<b>EXPENDITURE</b>					
Employee related costs	16,903,206	21,529,200	4,625,994	-21	Vacant positions not filled.
Remuneration of Councillors	2,366,869	2,685,000	318,131	-12	Over budgeted.
Bad debts	1,062,091		(1,062,091)	100	Provision not budgeted for in 2003/04
Collection costs	876,338	540,000	(336,338)	62	% of income. Income higher than budget.
Depreciation	280,873	190,000	(90,873)	48	Under budgeted.
Repairs and maintenance	557,053	966,900	409,847	-42	No major repairs required.
Contracted services	2,370,342	5,190,000	2,819,658	-54	Linked to Grand funding not received.
Grants and Subsidies paid	526,153	850,000	323,847	-38	Only a portion of the Tourism grand was paid.
General expenses-other	11,041,964	13,283,000	2,241,036	-17	Linked to staff complement. Vacant positions did not spent.
Capital expenditure	-		-		
Contributions to provisions	13,284,014		(13,284,014)	100	Not budgeted.
Loss on disposal of property, plant and equipment			-		
<b>Sub- Total</b>	49,268,903	45,234,100	(4,034,803)	9	
General expenses-Conditional Grants	76,709,489		(76,709,489)		GAMAP requirement not budgeted for in 2003/04
<b>Total Expenditure</b>	<b>125,978,392</b>	<b>45,234,100</b>	<b>(80,744,292)</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>6,936,777</b>	<b>-</b>	<b>(6,936,777)</b>		

**APPENDIX D (2)**  
**CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED**  
**30 JUNE 2004**

	2004 Actual R	2004 Under Construction R	2004 Total Additions R	2004 Budget R	2004 Variance R	2004 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
<b>OTHER ASSETS</b>							
<b>Buildings:</b>							
Office Building				10,238,450	10,238,450	-100	Relocation not finalised yet.
<b>Office Equipment:</b>							
Computer Hardware	846,441		846,441	2,530,000	1,683,559	-67	Financial system not replaced.
Office Machines	9,592		9,592	88,000	78,408	-89	Satelite office upgrades not done.
<b>Plant And Equipment:</b>							
Laboratory Equipment				15,500			Not purchased.
<b>Furniture And Fittings:</b>							
Chairs	21,522		21,522	1,550	(19,972)	1289	New departments not budgeted.
Tables / Desks	17,269		17,269	3,000	(14,269)	476	New departments not budgeted.
Cabinets / Cupboards	-		-	1,500	1,500		Not purchased.
Miscellaneous	8,289		8,289	0	(8,289)	100	Not budgeted.
<b>Motor Vehicles:</b>							
Motor Vehicles	293,737		293,737	300,000	6,263	-2	
<b>TOTAL</b>	<b>1,196,850</b>	<b>-</b>	<b>1,196,850</b>	<b>13,178,000</b>	<b>11,965,650</b>		

**CACADU DISTRICT MUNICIPALITY**  
**APPENDIX E**  
**CONDITIONAL GRANTS AND RECEIPTS**

	UNSPENT BALANCE 1-Jul-2003	CONTRIBUTIONS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2004
DISASTER MANAGEMENT	1,351,585		2,000,000	268,188	-398,901	-356,005		2,864,866
FINANCE MANAGEMENT GRANT	3,393,539		2,000,000		-1,551,249	-777,054		3,065,236
HIV/AIDS NGO/CBO CAPACITY BUILDING	159,204		285,714	29,940	-120,070			354,788
HIV/AIDS LABORATORY SERVICES	574,563			31,807	-409,536			196,834
HIV/AIDS EDUCATIONAL PROGRAM	140,694			13,922	-4,269			150,347
HIV/AIDS MEDICATIONS	3,185,766			317,302				3,503,068
HIV/AIDS HOME BASED CARE KIT	160,696			16,005				176,701
IDP - CACADU	124,309				-124,309			
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1,717,614		3,170,000	294,200	-1,180,980			4,000,834
RESTRUCTURING GRANT	21,749,999		10,000,000		-1,739,904	-47,354		29,962,741
AMBULANCE SUBSIDY	3,700,336		15,346,500		-17,095,678			1,951,159
IDP/LDO	392,169			33,490	-61,101			364,558
INTER-GOVERNMENTAL RELATIONS	69,188		196,389	14,097	-51,111			228,564
ENON	14,477			1,442				15,918
HONEYBUSH TEA	103,159		2,687	10,474				116,319
RURAL ACCESS ROADS	79,862			7,954				87,816
MULTI PURPOSE COMMUNITY CENTRE	26,752			2,665				29,417
THORNHAM - WATER SUPPLY	96,929			9,654				106,583
YOUTH CENTRE - SOMERSET EAST	191,954			19,119				211,072
IKWEZI YOUTH DEVELOPMENT	621,547			61,892	-52,000			631,439
IKWEZI - HARDWOOD FARM	1,187,127		500,000	142,157	-107,190			1,722,094
IKWEZI FINANCIAL AID	59,614			5,938				65,551
PASSENGER TRANSPORT PLANS AND FACILITIES	2,943,804			293,203				3,237,007
PLANNING AND RUDIMENTARY SERVICES	332,264			33,093				365,357
PILOT HOUSING PROJECT - ADDO	714,295			71,144				785,439
PILOT HOUSING PROJECT THORNHILL	19,080			1,900				20,981
ABERDEEN TRC	532			53				585
ALBANY TRC	849,899			84,650				934,549
ALEXANDRIA TRC	50,800			5,060				55,860
GRAAFF REINET TRC	13,717			1,366				15,083
HANKEY TRC	347,325		12,836	22,624	-197,455			185,330
TOWN PLANNING SERVICES	14,541			1,448				15,989
HUMANSDORP TRC	15,386			1,301	-13,745			2,941
JANSENVILLE TRC	3,413			340				3,753
JOUBERTINA TRC	19,323			1,925				21,247
KIRKWOOD TRC - ADDO ( I.D.P.)	76,648			7,634				84,283
KIRKWOOD TRC	46,046			4,586				50,632
PEARSTON TRC	3,454			344				3,798
PORT ELIZABETH TRC	37,848			3,770				41,618
SOMERSET EAST TRC	23,815			2,372				26,187
UITENHAGE TRC	892,489			88,892				981,381
WILLOWMORE TRC	487,404			48,545				535,950
MULTIANNUL ACTION PLANS - MAAP	3,236,851	-722,677	16,233,943	725,754	-7,730,769			11,743,103
CMIP	454,173		16,877,933		-15,782,549			1,549,557
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	26,101				-10,861			15,241
MUNICIPAL INFRASTRUCTURE	741,104				-207,405			533,699
PUBLIC WORKS PROJECTS	1,717,076		2,478,996	104,394	-2,463,376	-16,438		1,820,653
DISABILITY EMPOWERMENT PROGRAM			50,000		-27,500			22,500
DWAF PURCHASE OF A NEW COMPUTOR			130,000	5,024				135,024
HIV/AIDS DISTRICT AIDS COUNCIL			80,000	2,890	-68,418			14,472
HIV/AIDS ATICCS			3,220,558	117,440				3,337,998
IKWEZI MSP			1,000,000	36,362	-449,075			587,286
KABELJOUS RIVER INTERGRATED DEV PLAN			255,000	2,151				257,151
BUILDING FOR SPORT AND RECREATION .			400,000					400,000
MAYOR'S SPECIAL PROJECTS							180,957	180,957
HOUSING PROJECTS	-4,733,954		28,572,845		-26,862,039		10,671,311	7,648,163
<b>TOTAL</b>	<b>47,434,514</b>	<b>-722,677</b>	<b>102,813,401</b>	<b>2,948,510</b>	<b>-76,709,489</b>	<b>-1,196,850</b>	<b>10,852,267</b>	<b>85,419,677</b>